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UTAH'S EMPLOYMENT SITUATION: JUNE 2008

Utah Labor Market Indicators
June 2008

Employment Change: 0.9%
Employment Increase: 11,500
Unemployment Rate: 3.2%

United States

Employment Change: -0.1%
Unemployment Rate: 5.5%

Utah's nonfarm wage and salaried job growth for June 2008, as compared with June 2007 employment, is estimated at only 0.9 percent,. This continues the recent deceleration in Utah's employment picture. Approximately 11,500 new jobs have been created in the Utah economy over the past year, raising total wage and salary employment to 1,272,400. May's employment growth was revised down from 1.4 percent to 1.3 percent.

Utah's other primary indicator of current labor market conditions, the seasonally adjusted unemployment rate, measured 3.2 percent in June. This is equal to May's 3.2 percent measure, and five-tenths higher than last June's 2.7 percent. Approximately 44,800 Utahns were considered unemployed in June, compared against 36,400 last June. The United States' unemployment rate remained unchanged at 5.5 percent.

Mark Knold, chief economist for the Department of Workforce Services, commented, "The summer months' exposure of the declining construction atmosphere, compared to last year's vibrant market, continues to be the dominant influence upon Utah's employment environment. Whereas a year ago the construction market had added 10,000 new jobs over the previous year, this year nearly 11,000 jobs have been shed. Some Utah industries are stagnant, others vibrant, but residential construction is currently the lone bad apple, and its downturn is so significant that it is dragging down Utah's overall employment growth numbers. Considering the negative dynamics currently surrounding the housing market and the mortgage lending activities, it is anticipated that this market will not stabilize until 2009 at the earliest; the point is that even with some segments of the Utah economy holding its own, the construction industry is currently a heavy albatross."

As employment growth pulls back in many of Utah's industrial sectors, two new growth leaders are emerging. They are education/health services, and government. Neither of these sectors is showing negative strains from the current economic slowdown. These industries' common denominator, which leads to their immunity, is that they are more influenced by the size and expansion of the local population than by external economic factors. In fact, government has a history of moving opposite of the economic flow. As the economy weakens, the demand for government services increases. When the economy improves, service needs decrease. But not only can a slow economy raise the demand for public assistance, it can also push more people into the education system, as education becomes an alternative choice to fewer job opportunities.

Outside of construction and financial activities, the remainder of Utah's industrial sectors show growth over the past year, but with many pulling back. But what is meant by employment growth pulling back is best shown by illustration. Whereas the trade, transportation, and utilities sector showed over-the-year growth of 6,500 jobs in January, now that year-over growth in June has slowed to just 4,600 new jobs. The professional and business services sector was growing by 4,500 year-over jobs in January but is now down to 3,300. The trend is toward slowing, and in some cases that slowing will move several industries onto the negative side of the ledger. It is anticipated that manufacturing and possibly even the trade, transportation, and utilities sector will join construction and financial services in counting fewer jobs over the past year by the time we reach the latter months of 2008.

As noted, the construction industry is already negative, as it shows nearly 11,000 fewer jobs than were recorded last June. It currently stands as the biggest and largely lone economic drag on the Utah economy, but as just mentioned, other industries are poised to join in. However, none will have the negative influence that construction is exerting. Construction's numbers are destined to get worse before they get better. A review of this industry may help to put the current and anticipated situations in perspective.

Utah's recent construction boom began in 2003. The combination of rapidly-falling mortgage rates and surging Utah household formations set off a house-building boom that lasted into 2007, when the subprime debacle brought the boom times to an end. The year prior to the boom's inception—2002—Utah approved the construction of 19,500 new homes. At that time, the state's total construction employment stood at 68,300. Housing permits thereafter rose and peaked in 2005 at 28,300 and 26,300 in 2006. In addition, nonresidential construction started its own boom in 2005. The end result is that by 2007, these combined booms raised construction employment in Utah to 103,500—35,200 jobs higher than in pre-boom 2002. The point is it took a high degree of both residential and nonresidential activity to raise construction employment to that level. With the bottom now falling out of new home permitting—projected to be only 13,000 homes in 2008—where is the impetus to keep construction workers employed? If it took around 26,000 new homes for several years and much nonresidential construction activity to support the addition of 35,000 more construction workers in the Utah economy, how many workers have to be taken out of the equation to support the building of only 13,000 new homes? Up to this point, nearly 11,000 workers have been removed, but the probable continued lack of housing activity suggests that another 11,000 may yet be shed over the next year.

The prospects of the Utah housing market rebounding next year are currently not that good. The demographics are there, as that surge of Utah household formations continues, but the economic factors needed to facilitate the housing growth to match the formations are currently negative, and probably not looking positive until 2010 at the earliest. Those negative factors are high housing prices needing to fall back to match the now-higher mortgage lending requirements and costs, and the entire economy adjusting to higher energy costs and subsequent higher inflation costs.

To see how a slumping construction market can drag down a whole economy, one needs only look at the Provo and St. George metropolitan areas. These were recent high flyers, with St. George seeing employment growth of 10 percent for several years, and Provo seeing 6 percent employment growth as recently as last year. But both are now in negative territory in terms of overall jobs, meaning fewer total jobs now than were counted a year ago. Both of these areas had big housing booms that have now gone bust, and it illustrates how one industry's excessive negativity has the ability to overshadow the entire economy.

*** Utah's June seasonally-adjusted unemployment rates by county are scheduled for release on Monday, July 21, 2008.** **http://jobs.utah.gov/opencms/wi/pubs/une/season.pdf**

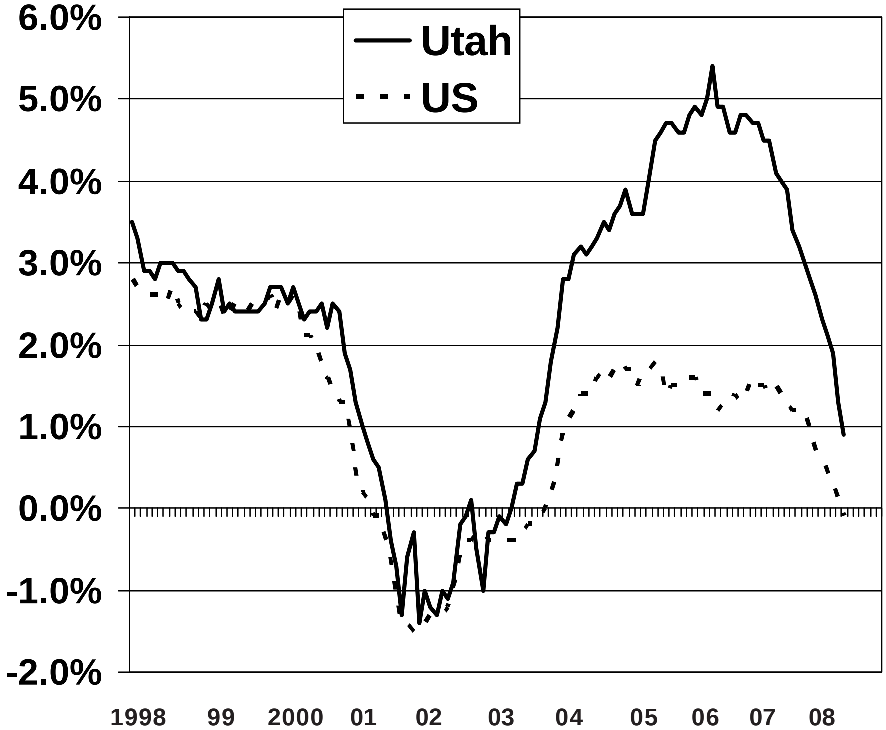
*** Utah's July employment numbers will be released at 9:00 a.m. on Tuesday, August 12, 2008.**

Utah Nonagricultural Jobs by Industry and Components of the Labor Force

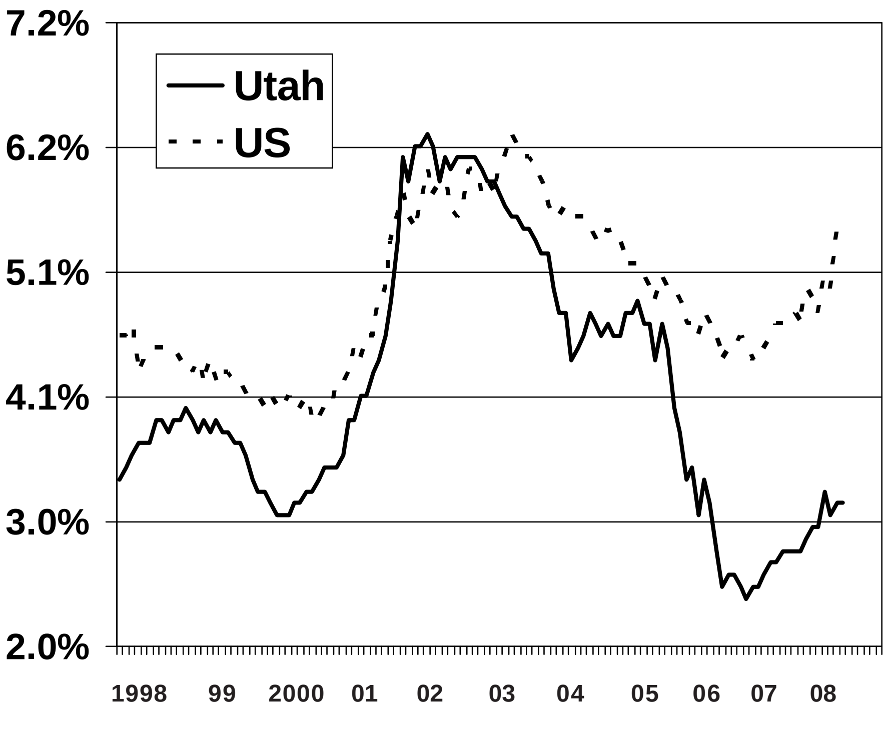
Numbers are in thousands	June(f) 2008	June 2007	Percentage Change	May(r) 2008	May 2007	Percentage Change
CIVILIAN LABOR FORCE (seasonally-adjusted)	**1,380.3**	**1,360.2**	**1.5**	**1,388.2**	**1,355.3**	**2.4**
Employed	1,335.5	1,323.8	0.9	1,344.2	1,320.3	1.8
Unemployed	44.8	36.4	23.1	44.0	35.0	25.7
Unemployment Rate	3.2	2.7		3.2	2.6	
NONAGRICULTURAL EMPLOYMENT (Thousands)	**1,272.4**	**1,260.9**	**0.9**	**1,266.9**	**1,250.5**	**1.3**
Not seasonally-adjusted						
GOODS PRODUCING	**238.7**	**248.2**	**-3.8**	**238.1**	**243.7**	**-2.3**
Natural Resources, and Mining	**11.7**	**11.2**	**4.0**	**11.6**	**11.1**	**4.0**
Construction	**97.7**	**108.6**	**-10.0**	**97.6**	**105.2**	**-7.2**
Construction of Buildings	20.3	23.0	-11.8	20.5	22.3	-8.3
Heavy and Civil Engineering	11.1	12.0	-7.3	11.0	11.5	
Specialty Trade Contractors	66.3	73.5	-9.8	66.2	71.3	-7.2
Manufacturing	**129.3**	**128.4**	**0.7**	**128.9**	**127.4**	**1.2**
Durable Goods	**87.8**	**88.0**	**-0.2**	**87.5**	**87.2**	**0.3**
Primary and Fabricated Metals	16.7	16.4	1.7	16.6	16.3	1.7
Computer and Electronic Products	13.2	12.6	4.9	13.1	12.4	5.6
Transportation and Equipment Manufacturing	14.3	14.9	-4.2	14.3	14.8	-3.8
Non-Durable Goods	**41.5**	**40.5**	**2.6**	**41.4**	**40.1**	**3.1**
SERVICES PROVIDING	**1,033.7**	**1,012.7**	**2.1**	**1,028.8**	**1,006.6**	**2.2**
Trade, Transportation, and Utilities	**249.4**	**244.2**	**2.1**	**248.5**	**243.4**	**2.1**
Wholesale Trade	**48.7**	**47.4**	**2.8**	**48.7**	**47.1**	**3.4**
Retail Trade	**149.3**	**146.5**	**1.9**	**149.0**	**146.0**	**2.1**
Motor Vehicle and Parts Dealers	19.3	19.0	1.4	19.2	18.9	1.5
Food and Beverage Stores	24.3	23.5	3.6	23.9	23.2	2.9
General Merchandise Stores	27.4	26.9	1.6	27.6	27.2	1.6
Transportation and Utilities	**50.7**	**50.4**	**0.6**	**50.7**	**50.3**	**1.0**
Utilities	4.2	4.1	2.0	4.2	4.1	2.0
Transportation & Warehousing	46.5	46.2	0.5	46.5	46.1	0.9
Air Transportation	7.2	7.2	1.1	7.2	7.1	2.1
Truck Transportation	19.2	19.1	0.5	19.1	19.0	0.5
Information	**32.7**	**32.6**	**0.2**	**32.3**	**32.6**	**-1.0**
Publishing Industries	10.1	10.0	1.6	10.1	10.0	1.7
Motion Picture and Sound Recording	4.4	4.2	4.1	4.2	4.2	-2.0
Telecommunications	6.7	7.4	-9.4	6.7	7.4	-8.7
Internet Service Providers	5.1	5.0	3.0	5.0	5.0	0.5
Financial Activities	**74.6**	**75.1**	**-0.8**	**74.6**	**75.0**	**-0.5**
Finance and Insurance	56.1	56.6	-0.8	56.3	56.7	-0.6
Real Estate and Rental and Leasing	18.4	18.6	-0.8	18.3	18.3	-0.1
Professional and Business Services	**166.8**	**163.5**	**2.1**	**166.1**	**162.2**	**2.4**
Professional, Scientific, and Technical Services	68.7	64.7	6.2	68.3	64.5	5.8
Architectural, Engineering, and Related	14.3	13.6	5.0	14.3	13.4	6.2
Computer Systems Design and Related	15.9	14.5	9.3	15.7	14.5	8.3
Management of Companies and Enterprises	20.8	20.4	2.2	20.8	20.2	3.1
Administration & Support & Waste Management & Remediation	77.3	78.4	-1.4	77.1	77.5	-0.5
Employment Services	23.5	25.0	-6.2	23.7	24.7	-4.2
Business Support Services	15.3	16.3	-6.4	15.3	16.6	-7.5
Education and Health Services	**142.7**	**136.5**	**4.5**	**142.6**	**136.6**	**4.4**
Educational Services	28.8	28.0	2.8	29.3	28.5	2.8
Health Services and Social Assistance	113.9	108.4	5.0	113.3	108.0	4.9
Ambulatory Health Care Services	45.7	43.2	5.7	45.4	43.1	5.4
Hospitals	31.1	29.4	5.7	31.0	29.2	6.4
Nursing and Residential Care Facilities	21.4	20.5	4.2	21.1	20.4	3.6
Social Assistance	15.7	15.3	2.8	15.7	15.4	2.1
Leisure and Hospitality	**117.5**	**115.0**	**2.2**	**114.6**	**111.5**	**2.8**
Arts, Entertainment, and Recreation	19.4	18.9	2.9	17.5	17.1	2.2
Accommodation and Food Services	98.1	96.1	2.0	97.1	94.4	2.9
Accommodation	18.4	18.0	2.1	17.9	17.6	1.8
Food Services and Drinking Places	79.7	78.1	2.0	79.3	76.9	3.1
Other Services	**36.7**	**36.2**	**1.5**	**36.5**	**35.8**	**1.9**
Government	**213.9**	**209.6**	**2.1**	**213.5**	**209.6**	**1.9**
Federal Government	**36.1**	**36.4**	**-0.9**	**36.0**	**36.3**	**-0.9**
Federal Defense	15.7	16.2	-2.8	16.2	16.3	-0.4
Other Federal Government	20.3	20.2	0.6	19.8	20.1	-1.4
State Government	**62.8**	**61.7**	**1.8**	**62.4**	**61.3**	**1.8**
State Schools	33.7	33.1	2.0	33.7	33.3	1.4
Other State Government	29.1	28.6	1.6	28.7	28.0	2.4
Local Government	**115.0**	**111.5**	**3.2**	**115.1**	**111.9**	**2.8**
Local Education	63.7	62.3	2.2	65.4	64.2	2.0
Other Local Government	51.4	49.2	4.4	49.6	47.7	4.0

Source: Utah Department of Workforce Services   f = forecast r = revised   July 15, 2008

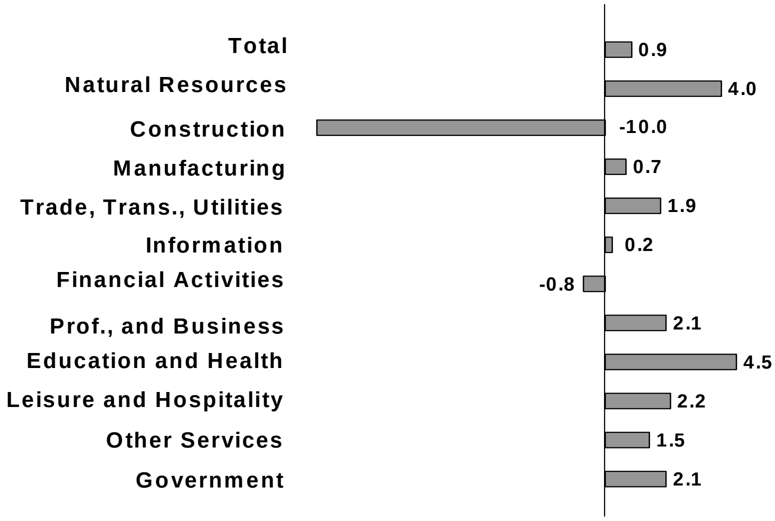
Year-Over Percent Change in Nonfarm Jobs



Seasonally Adjusted Unemployment Rates

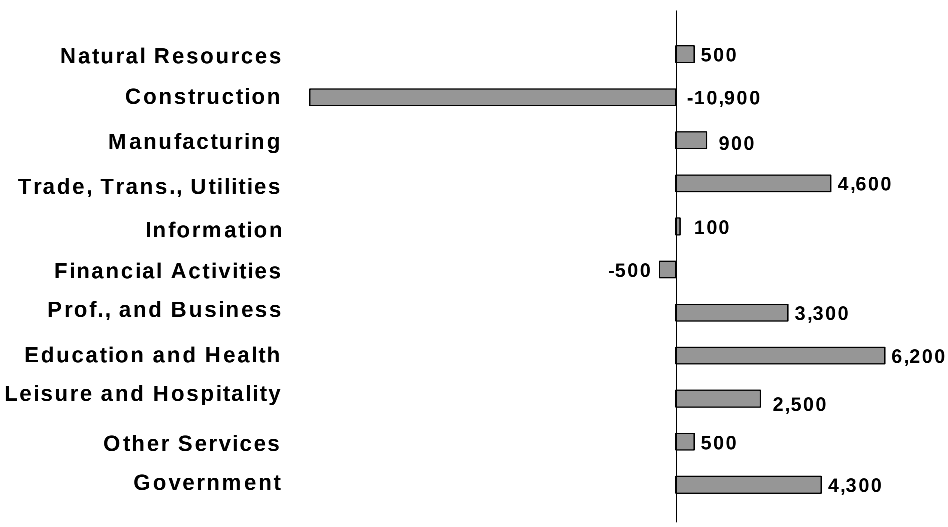


Utah Nonfarm Industry Profile (Percent Change)
June 2007 – 2008



Source: Utah Department of Workforce Services

Utah Nonfarm Industry Profile (Numeric Change)
June 2007 – 2008



Source: Utah Department of Workforce Services

NONFARM EMPLOYMENT IN UTAH'S COUNTIES

	June 2008(f)	June 2007	Percent Change	May 2008(r)	Apr. 2008(r)
State Total	1,272,391	1,261,059	0.9	1,271,111	1,264,885
Bear River	73,533	71,375	3.0	72,919	72,511
Box Elder	21,793	20,759	5.0	20,708	20,844
Cache	50,800	49,693	2.2	51,500	51,000
Rich	940	923	1.8	711	667
Wasatch Front	833,405	825,660	0.9	828,038	824,317
North	206,434	205,297	0.6	204,035	202,513
Davis	106,312	105,950	0.3	104,105	102,902
Morgan	1,977	2,037	-3.0	2,030	1,990
Weber	98,146	97,310	0.9	97,900	97,621
South	626,971	620,363	1.1	624,003	621,804
Salt Lake	611,356	604,588	1.1	607,967	605,878
Tooele	15,615	15,775	-1.0	16,036	15,926
Mountainland	213,660	213,703	0.0	220,770	220,928
Summit	21,445	20,266	5.8	23,955	25,001
Utah	184,957	186,022	-0.6	189,485	188,790
Wasatch	7,258	7,415	-2.1	7,330	7,137
Central	25,253	25,070	0.7	24,617	24,327
Juab	3,351	3,506	-4.4	3,324	3,276
Millard	4,187	4,151	0.9	3,944	3,902
Piute	372	379	-1.8	373	347
Sanpete	7,811	7,661	2.0	7,817	7,752
Sevier	8,283	8,155	1.6	8,053	8,038
Wayne	1,250	1,218	2.6	1,105	1,012
Southwestern	78,966	79,249	-0.4	79,369	78,383
Beaver	2,188	2,131	2.7	2,096	2,037
Garfield	2,757	2,714	1.6	2,477	2,036
Iron	16,504	16,724	-1.3	17,113	17,170
Kane	3,565	3,599	-0.9	3,202	3,016
Washington	53,952	54,081	-0.2	54,481	54,125
Uintah Basin	24,253	22,826	6.3	22,926	22,724
Daggett	601	591	1.7	519	436
Duchesne	8,493	7,561	12.3	7,796	7,729
Uintah	15,159	14,674	3.3	14,611	14,559
Southeastern	23,321	23,176	0.6	22,473	21,696
Carbon	9,522	9,429	1.0	9,143	8,872
Emery	3,943	3,957	-0.4	3,883	3,885
Grand	5,265	5,231	0.6	5,052	4,656
San Juan	4,591	4,559	0.7	4,395	4,282

f = forecast   r = revised but not final.
Note: Numbers have been left unrounded for convenience rather than to denote accuracy.
Source: Utah Department of Workforce Services, Workforce Information, 7/15/08